

Message Text

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ACTION EB-07

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C O N F I D E N T I A L SOFIA 0284

E.O. 11652: GDS

TAGS: ESTC, ETRD, BU

SUBJECT: EXPORT CONTROLS - VARNA SHIPYARD EQUIPMENT

USDOC FOR BEWT; DEPT ALSO FOR EUR/EE

REF: A) STATE 19087; B) SOFIA 2299

1. WHILE WE ARE GRATEFUL FOR RESPONSE (REF A) DESCRIBING STATUS IBM SALE OF 3330 DISC DRIVES TO ISOTIMPEX FOR VARNA SHIPYARDS, THERE ARE STILL SOME FACTUAL QUESTIONS THAT NEED TO BE CLEARED UP. AS YOU ARE AWARE FROM REF B AND PREVIOUS, THERE IS HIGH-LEVEL INTEREST IN THIS MATTER HERE. IF WE ARE TO BE HELPFUL WE HAVE TO BE SURE WE HAVE THE FACTS STRAIGHT.

2. ACCORDING TO DEPUTY DIRGEN KOTEV OF ISOTIMPEX, 3330 DISC DRIVES WERE PART OF ORIGINAL CONTRACT AND WERE NOT INTENDED AS SUBSTITUTE FOR 2314 DISC DRIVES (WHICH ARE IN PLACE). IN MEETING WITH BEWT/TDAD OFFICER PLANAGAN FEBRUARY 5, ISOTIMPEX OFFICIALS AGAIN RAISED THIS SUBJECT AND REITERATED THAT IN BULGARIAN VIEW IBM WAS FAILING TO FULFILL CONTRACT. THEY VAGUELY HINTED AT LEGAL ENFORCEMENT ACTION.

3. FURTHERMORE, IT IS NOT CLEAR FROM REF A WHY IBM HAS NOT APPLIED FOR EXPORT LICENSE. BULGARIANS SEEM

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TO BE UNDER IMPRESSION THAT THE PROBLEM IS ABSENCE OF

FAVORABLE USG ACTION ON AN APPLICATION FOR EXPORT PERMIT. HOW ARE WE TO EXPLAIN THAT APPLICATION WAS NOT MADE, ASSUMING THAT BULGARIANS FIND OUT, WHICH IS ULTIMATELY QUITE LIKELY? THIS IS APT TO LEAD TO QUESTION WHETHER BULGARIAN INTEREST IN THE DISC DRIVES WAS TAKEN SERIOUSLY. THEY CONSIDER THAT EFFICIENT OPERATION OF VARNA SHIPBUILDING COMPLEX DEPENDS ON AVAILABILITY OF TYPE 3330 DRIVES.

4. WE REQUEST IBM BE CONTACTED TO DETERMINE WHETHER THEIR CONTRACT WITH ISOTIMPEX CALLED FOR 3330 DISC DRIVES AND IF SO, WHY THEY DID NOT APPLY FOR LICENSE AND WHETHER THEN INTEND TO MAKE APPLICATION NOW. (OR IS THE PROCEDURE IN SUCH CASES THAT APPLICATIONS AREN'T MADE WHEN THERE IS REASON TO BELIEVE THEY WILL NOT BE APPROVED?)

5. IT WOULD ALSO HELP US TO HAVE A CLEARER INDICATION WHETHER WHAT DEPUTY CHAIRMAN POPOV TOLD US AS PER REFTEL B IS TRUE, THAT US HAS APPROVED SALE OF US COMPUTER WITH 300 MEGABYTE MEMORIES FOR USSR. WHILE WE DO NOT ENDORSE THEIR REASONING, BULGARIANS SEEM TO BE UNDER IMPRESSION THAT IF 300 MEGABYTES ARE ALL RIGHT FOR THE USSR, 100 MEGABYTES FOR BULGARIA SHOULD CAUSE US NO MAJOR PROBLEM. REFTEL A ONLY SAYS THAT "NO TYPE 3330 DISC DRIVES HAVE YET BEEN APPROVED FOR EAST EUROPE".
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